

**ST. VLADIMIR'S  
ORTHODOX THEOLOGICAL SEMINARY  
FINANCIAL STATEMENTS**

**JUNE 30, 2010**



**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

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**JUNE 30, 2010**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Trustees  
St. Vladimir's Orthodox Theological Seminary  
Crestwood, New York

We have audited the accompanying statement of financial position of St. Vladimir's Orthodox Theological Seminary ("The Seminary"), (a nonprofit organization) as of June 30, 2010, and the related statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of The Seminary's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from The Seminary's June 30, 2009 financial statements and, in our report dated September 15, 2009; we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Vladimir's Orthodox Theological Seminary as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*D'Arcangelo & Co., LLP*

Purchase, New York  
September 15, 2010

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**STATEMENT OF FINANCIAL POSITION**

**JUNE 30, 2010**

**With Summarized Comparative Financial Information as of June 30, 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash	\$ 72,509	\$ 70,516
Restricted cash	1,602,550	1,660,016
Accounts receivable, net of allowance for doubtful accounts of \$97,833 in 2010 and \$81,449 in 2009	296,951	173,105
Bequest receivable	371,330	371,330
Pledges receivable, net	398,553	511,250
Prepaid expenses	32,840	28,445
Inventory	919,829	872,430
Investments	10,230,478	9,348,854
Investment in property	122,122	122,122
Cash surrender value of life insurance	140,307	132,020
Property and equipment, net of accumulated depreciation of \$8,004,292 in 2010 and \$7,303,339 in 2009	<u>15,464,475</u>	<u>16,044,180</u>
Total assets	<u><u>\$ 29,651,944</u></u>	<u><u>\$ 29,334,268</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 292,385	\$ 275,293
Deferred revenue	49,773	11,165
Mortgages and loans payable	4,230,985	4,172,081
Annuity and life trust payable	<u>168,394</u>	<u>180,368</u>
Total liabilities	<u>4,741,537</u>	<u>4,638,907</u>
Net assets:		
Unrestricted		
Net investment in land, building and equipment	11,621,400	12,267,098
Board designated long-term investments	2,884,780	3,636,138
Undesignated	<u>(1,276,013)</u>	<u>(1,894,367)</u>
Total unrestricted	13,230,167	14,008,869
Temporarily restricted	2,111,377	1,187,705
Permanently restricted	<u>9,568,863</u>	<u>9,498,787</u>
Total net assets	<u>24,910,407</u>	<u>24,695,361</u>
Total liabilities and net assets	<u><u>\$ 29,651,944</u></u>	<u><u>\$ 29,334,268</u></u>

See notes to financial statements.

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED JUNE 30, 2010**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2009**

	Unrestricted	Temporarily restricted	Permanently restricted	2010 Total	2009 Total
<b>Revenue and reclassifications</b>					
Tuition and fees	\$ 686,188	\$ -	\$ -	\$ 686,188	\$ 739,854
Less scholarship and financial aid	(236,059)	-	-	(236,059)	(265,609)
Net tuition and fees	450,129	-	-	450,129	474,245
Gifts and grants	1,081,733	77,906	70,076	1,229,715	1,636,735
Endowment income (loss)	247,103	972,982	-	1,220,085	(2,946,351)
Investment income	88,360	-	-	88,360	148,577
Subscriptions income	32,143	-	-	32,143	10,087
Summer institute income	49,557	-	-	49,557	18,353
Auxiliary enterprises	1,434,423	-	-	1,434,423	1,451,583
Other income	13,837	-	-	13,837	26,738
Total revenue before net assets released from restriction	3,397,285	1,050,888	70,076	4,518,249	819,967
Reclassifications:					
Satisfaction of program restrictions	127,216	(127,216)	-	-	-
Total revenue and reclassifications	3,524,501	923,672	70,076	4,518,249	819,967
<b>Expenses</b>					
Instruction	657,420	-	-	657,420	940,526
Public service	38,816	-	-	38,816	46,546
Library	120,443	-	-	120,443	177,297
Student services	85,587	-	-	85,587	76,985
Theological research publications	20,937	-	-	20,937	10,814
Operation and maintenance of plant	580,252	-	-	580,252	682,467
General institutional expense	1,222,534	-	-	1,222,534	1,343,968
Interest expense	120,226	-	-	120,226	145,900
Auxiliary enterprises	756,035	-	-	756,035	861,591
Total expenses	3,602,250	-	-	3,602,250	4,286,094
Change in net assets before depreciation	(77,749)	923,672	70,076	915,999	(3,466,127)
Depreciation	(700,953)	-	-	(700,953)	(645,699)
Change in net assets	(778,702)	923,672	70,076	215,046	(4,111,826)
Net assets, beginning of year	14,008,869	1,187,705	9,498,787	24,695,361	28,807,187
Net assets, end of year	<u>\$ 13,230,167</u>	<u>\$ 2,111,377</u>	<u>\$ 9,568,863</u>	<u>\$ 24,910,407</u>	<u>\$ 24,695,361</u>

See notes to financial statements.

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED JUNE 30, 2010**

**With Summarized Comparative Financial Information for the Year Ended June 30, 2009**

	2010	2009
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 215,046	\$ (4,111,826)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	700,953	645,699
Contributions restricted for long-term investments	-	(62,231)
Realized (gain) loss on investments	(631,136)	1,355,566
Unrealized (gain) loss on investments	(580,662)	1,597,304
Value of donated book publications	(134,671)	-
Bad debt reserve-bookstore receivable	(4,714)	-
Bad debt reserve-pledges receivable	55,064	-
Discount on pledges receivable	(1,757)	(12,805)
(Increase) decrease in operating assets:		
Accounts receivable	(119,132)	20,635
Bequests receivable	-	443,188
Pledges receivable	57,633	112,888
Prepaid expenses and security deposits	(4,395)	(19,897)
Inventory	87,272	2,456
Cash surrender value of life insurance	(8,287)	(5,519)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	17,090	68,493
Deferred revenue	38,608	(2,772)
Annuity and life trust payable	(11,974)	14,087
Net cash provided by (used in) operating activities	<u>(325,062)</u>	<u>45,266</u>
<b>Cash flows from investing activities:</b>		
Purchase of investments	(15,439,146)	(17,566,006)
Proceeds from sales of investments	15,771,079	19,391,783
Change in restricted cash	57,466	(1,660,016)
Purchase of property and equipment	<u>(121,248)</u>	<u>(235,075)</u>
Net cash provided by (used in) investing activities	<u>268,151</u>	<u>(69,314)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for:		
Land, building and equipment	-	62,231
Proceeds from debt	255,000	456,055
Repayment of principal debt	<u>(196,096)</u>	<u>(533,952)</u>
Net cash provided by (used in) financing activities	<u>58,904</u>	<u>(15,666)</u>
Net increase (decrease) in cash	1,993	(39,714)
Cash, beginning of year	<u>70,516</u>	<u>110,230</u>
Cash, end of year	<u><u>\$ 72,509</u></u>	<u><u>\$ 70,516</u></u>
<b>Supplementary information:</b>		
Total interest paid	\$ 120,203	\$ 146,987

See notes to financial statements.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Organization, nature of activities and tax-exempt status**

St. Vladimir's Orthodox Theological Seminary, ("The Seminary") is a graduate professional school chartered and approved by the Board of Regents of the University of the State of New York and accredited nationally by the Association of Theological Schools. The Seminary's twofold mission is to adequately prepare educated clergy and leaders to service the Orthodox faithful in this country and abroad, and to promote study and research in Orthodox theology, history and culture.

The Seminary is a not-for-profit corporation organized under the not-for-profit laws of New York State, and chartered as an education corporation by the Education Department of the State of New York. The Seminary has been determined to be an organization exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC") and similar state provisions. The Seminary has also been classified as an entity that is not a private foundation within the meaning of IRC Section 509(a) thereby qualifying for the receipt of deductible contributions as provided in IRC Section 170.

#### **Basis of accounting**

The accounting and reporting policies of The Seminary conform to accounting principles generally accepted in the United States of America (GAAP).

#### **Adoption of new accounting pronouncements**

On July 1, 2009, the Financial Accounting Standards Board (FASB) issued FASB Statement of Financial Accounting Standards (SFAS) No. 168, "*FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles*," which is included in FASB Accounting Standards Codification (ASC) 105 "Generally Accepted Accounting Principles" (GAAP). This new guidance approved the FASB ASC as the single source of authoritative nongovernmental GAAP. The FASB ASC is effective for interim or annual periods ending after September 15, 2009. All existing accounting standards have been superseded and all other accounting literature not included in the FASB ASC will be considered non-authoritative. The ASC is a restructuring of GAAP designed to simplify access to all authoritative literature by providing a topically organized structure. The adoption of FASB ASC did not impact the Organization's financial statements. Technical references to GAAP included in these notes to the financial statements are provided under the new FASB ASC structure.

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

In May 2009, the Financial Accounting Standards Board issued a new standard pertaining to subsequent events (incorporated into the *Subsequent Events* of the FASB ASC) that established principles and requirements for subsequent events and applied to accounting for and disclosure of subsequent events not addressed in other applicable GAAP. The adoption of the new standard had no impact on the Organization's financial statements.

#### **Basis of financial statement presentation and classification of net assets**

The financial statements of The Seminary have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations. The net assets of the Seminary and changes therein are classified and reported as follows:

#### **Net assets**

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

**Unrestricted net assets** - Net assets that are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.

**Temporarily restricted net assets** - Net assets that carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the organization which fulfill the restrictions or because of the passage of time. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

**Permanently restricted net assets** - Net assets that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. Generally, the donors of these funds permit the organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.



# **ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

#### **Accounts receivable**

The Seminary has established an allowance for doubtful accounts to provide for potential losses in the various receivable accounts. The allowances for doubtful accounts is established through a provision for losses charged to expense. Receivables are charged against the allowance when management believes that collectibility is unlikely. The allowance is an amount that management believes will be adequate to absorb losses on existing receivables that may become uncollectible, based on evaluations that take into consideration such factors as changes in the nature and volume of receivables, review of specific problem receivables, and current economic conditions that may affect collection.

#### **Contributions**

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

#### **Cash and cash equivalents**

The Seminary includes cash on deposit, cash on hand and certificates of deposits with original maturities less than three months (if any) to be cash equivalents.

#### **Investments**

Investments comprise money market funds, marketable debt and equity securities, and accrued interest and dividends thereon and are recorded at market value. The market values of investments are generally determined based on quoted market prices or estimated fair values provided by external investment managers or other sources. Investment transactions are recorded on the trade date. Realized gains and losses on the sale of investments are calculated on the basis of specific identification of the securities sold. Investment management fees and service charges are netted against investment income.

Donated investments are reflected as contributions at their market values at date of receipt. The Seminary owns three small parcels of land in Rhinebeck, New York whose carrying amount approximates fair market value.

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Investments (continued)**

The Seminary's investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is at least reasonably possible that changes in risks in the near term would materially affect the amounts reported in the statement of financial position and the statement of activities.

**Fair value measurements**

The Seminary adopted GAAP concept of *Fair Value Measurements*, effective August 1, 2008. In accordance with GAAP, fair value is defined as the price that the Seminary would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. GAAP establishes a three-tier hierarchy for measuring fair value of assets and liabilities. The three-tier hierarchy of inputs is summarized in three broad levels: Level 1 - quoted prices in active markets for identical securities, Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.) and Level 3 - significant unobservable inputs (including the Seminary's own assumptions in determining the fair value of investments).

**Inventory**

The Seminary's bookstore inventory is stated at the lower of cost or market, determined by the first-in, first-out method.

**Pledges and bequests receivable**

Pledges receivable are recognized as income in the year for which the pledge is made. Pledges and distributions of bequests that are expected to be received within one year are recorded at net realizable value. Pledges and distributions from bequests that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discounts is included in contribution revenue.

# **ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

#### **Property and equipment**

Additions to property and equipment in excess of \$5,000 are recorded at cost or, if donated, at the fair market value on the date of the gift.

Property and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Building and improvements	30 - 40 years
Library books and media	5 - 10 years
Furniture and equipment	5 - 10 years
Vehicles	5 years

The Seminary reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the facility and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in fiscal 2010.

#### **Charitable gift annuities and charitable remainder unitrust**

The Seminary has entered into several Charitable Gift Annuity Agreements and Charitable Remainder Unitrusts whereby the donor contributes assets in exchange for distributions for a specified period of time to the donor or other beneficiaries. At the end of the specified time, the remaining assets are available for the Seminary's use. Assets received are recorded at fair value on the date the agreement or unitrust is recognized, and a liability equal to the present value of the future distributions is recorded. The difference between the fair value of the assets received and the liability to the donor or other beneficiaries is recognized as contribution revenue. On an annual basis, the Seminary revalues the liability based on applicable mortality tables and discount rates, which vary from 3.2% to 10.13%. One annuitant has stipulated a payout of 50% of the contributed asset account balance to an unrelated third party, after death, in the event there remain enough funds in the investment asset account to make such a payout. At June 30, 2010, there were no such excess funds.

# **ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):**

#### **Prior year summarized comparative information**

The financial statements include certain prior year summarized comparative information in total but not by asset class or functional expense. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Seminary's financial statements for the year ended June 30, 2009, from which the summarized information was derived.

#### **Donated material and services**

Donated non-cash assets are recorded at their fair values at the date of donation. Donated services that create or enhance non-financial assets or that require specialized skills, provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation, are recorded at fair value in the period received.

For the fiscal year ended June 30, 2010, The Seminary received donated book publications valued at \$134,671.

#### **Expense allocation**

Directly identifiable expenses are charged to programs and supporting services. Development and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the organization.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.



**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**2. CONCENTRATIONS:**

The Seminary's cash management policy is to mitigate its credit risks by investing in or through major financial institutions.

**3. RESTRICTED CASH:**

The Seminary, in accordance with its loan agreement, maintains a designated bank account at Smith Barney to fund its annual required loan repayments. At June 30, 2010, \$1,602,550 was held in a Smith Barney money market account as collateral for the \$3,453,939 Smith Barney loan (Note 8).

**4. PLEDGES RECEIVABLE:**

Pledged commitments consist of one time pledges for annual operating support and pledges in connection with capital campaigns.

Pledges receivable are summarized as follow:

In less than one year	\$ 324,696
In one to five years	<u>108,150</u>
	432,846
Less: Allowance for uncollectable pledges	(17,314)
Less: Unamortized discount	<u>(16,979)</u>
Net Pledges receivable	<u>\$ 398,553</u>

A discount rate of 3% was used to determine the net present value of pledges receivable in more than one year.

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**5. INVESTMENTS:**

The cost and market values of investments as of June 30, 2010 are as follows:

	<u>Cost</u>	<u>Market value</u>
Cash and cash equivalents	\$ 904,905	\$ 904,905
Mutual funds	1,162,504	742,775
Stocks	8,433,605	8,476,003
Bonds	<u>98,352</u>	<u>106,795</u>
Total	<u>\$10,599,366</u>	<u>\$ 10,230,478</u>

Endowment and investment income are allocated based on pooling of investments and consists of the following:

Interest and dividend income	\$ 184,862
Investment fees	(88,215)
Realized gain on investments	631,136
Net change in unrealized value of investments	<u>580,662</u>
	<u>\$ 1,308,445</u>

# ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

### 6. FAIR VALUE MEASUREMENTS:

In accordance with generally accepted accounting principles, *Fair Value Measurements*, the following are the Seminary's financial assets and liabilities presented at fair value:

Fair value measurements at reporting date using				
<u>Description</u>	<u>6/30/10</u>	<u>Quoted prices In active markets for identical assets/liabilities (Level 1)</u>	<u>Significant other observable inputs (Level 2)</u>	<u>Significant unobservable inputs (Level 3)</u>
<b>Assets:</b>				
Restricted cash	\$ 1,602,550	\$ 1,602,550	\$ -	\$ -
Investment securities	10,230,478	10,230,478	-	-
Investment in property	122,122	-	122,122	-
Cash surrender value of life insurance	140,307	-	140,307	-
Total	<u>\$ 12,095,457</u>	<u>\$ 11,833,028</u>	<u>\$ 262,429</u>	<u>\$ -</u>
<b>Liability:</b>				
Annuity and life trust payable	<u>\$ 168,394</u>		<u>\$ 168,394</u>	

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**7. PROPERTY AND EQUIPMENT:**

A summary of property and equipment as of June 30, 2010 is as follows:

	Cost	Accumulated depreciation	Net
Land	\$ 740,744	\$ -	\$ 740,744
Land improvements	649,602	183,515	466,087
Building and improvements	19,436,473	5,673,599	13,762,874
Library books and media	1,180,217	912,374	267,843
Furniture and equipment	1,361,767	1,157,730	204,037
Vehicles	99,964	77,074	22,890
	<u>\$ 23,468,767</u>	<u>\$ 8,004,292</u>	<u>\$ 15,464,475</u>

Depreciation expense for the year ended June 30, 2010 totaled \$700,953.

**8. MORTGAGES AND LOANS PAYABLE:**

Loan payable to Smith Barney secured by all cash and investment accounts held with Smith Barney. The loan was used to refinance a prior mortgage on the Lakeside Student Housing property. The loan is payable in five annual principal repayment tiers, together with interest paid on a monthly basis. The interest rate on the five tiers is fixed at rates that start at 4.66% in the first year and end at 5.74% for year 5. This mortgage loan matures in June 2013.

\$ 3,453,939

Mortgage loan payable with variable interest at prime (3.25% at June 30, 2010) secured by a specified land and building. Monthly payments of \$1,708 (interest and principal) are due through March 2017.

124,131

Mortgage loan payable with variable interest at prime (3.25% at June 30, 2010) secured by a specified land and building. Monthly payments of \$1,860 (interest and principal) are due through March 2017.

135,165



**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**8. MORTGAGES AND LOANS PAYABLE (continued):**

Note payable secured by the purchase of a truck with interest at 4%. Monthly payments of \$967 (interest and principal) are due through January 2012.

17,750

Open line of credit for \$500,000 with Wachovia Bank. Interest at prime plus 1% (5.0% at June 30, 2010) collateralized by an investment account maintained at Wachovia with a minimum fair market value not below \$633,956.

500,000

\$ 4,230,985

Principal payments on mortgage and loans for the succeeding five years and thereafter are as follows for the year ending June 30:

2011	\$ 895,987
2012	442,726
2013	2,741,186
2014	38,476
2015	39,745
After 2015	<u>72,865</u>
	<u>\$ 4,230,985</u>

**ST. VLADIMIR'S ORTHODOX THEOLOGICAL SEMINARY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2010**

**9. FUNCTIONAL CLASSIFICATION OF EXPENSES:**

Expenses are charged to program and supporting services on the basis of periodic time and expense studies. Allocations of total unrestricted expenses (with the inclusion of depreciation) for the year are as follows:

Program services:	
Instruction	\$989,703
Public service	94,050
Library	443,011
Student services	145,531
Theological research publications	24,568
Auxiliary enterprises	<u>1,202,501</u>
 Total program services	 <u>2,899,364</u>
 Supporting services:	
General institutional	1,020,126
Development and communications	<u>383,713</u>
 Total supporting services	 <u>1,403,839</u>
 Total expenses	 <u><u>\$4,303,203</u></u>

**10. RETIREMENT PLAN:**

The Seminary participates in the Orthodox Church in America pension plan, which is a multi-employer plan. The plan provides defined benefits with participation available to all full-time employees. The Seminary contributes 6% of each employee's salary, and the employee contributes 6%. The retirement benefit costs charged to expense amounted to \$65,356 in 2010.

**11. SUBSEQUENT EVENTS:**

Management has evaluated subsequent events through September 15, 2010, which is the date the financial statements are available for issuance.